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Success by Design

Building Strong Organizations... Strong Communities

July 1999

Agdex 1921-30-1

Roles and Responsibilities of Directors and Executives

The constitution or bylaws of most organizations outline how the organization functions. In many organizations a board of directors is selected from the membership and from the board of directors an executive (officers) is chosen to conduct the affairs of the organization. In some organizations, the executive is elected directly from the membership and operates without directors. In other organizations, the board of directors and the executive are elected directly from the membership.

As the directors or executive of an organization have the responsibility of representing the interests of their members, the role of a director or executive officer is important.

Role of the Directors and Executive Members

The roles and responsibilities of the directors should be defined in the constitution, bylaws or policies of the organization. While these roles may be different in each organization, it's important that all directors are aware of their roles and responsibilities at the beginning of their term.

The powers, roles and responsibilities of the executive members are usually outlined in the constitution, bylaws or policies.

In many organizations, staff are hired to conduct the business of the organization. The relationship between the directors, executive members and staff should also be defined in the organization's constitution, bylaws or policies.

Organization/Board Manual

An organization or board manual is a critical source of information for new and experienced directors and executive members.

At minimum, the manual should include:

- the bylaws or constitution of the organization
- job descriptions of the directors, executive and staff
- a list of the directors, executive and staff, including addresses and phone numbers
- committee responsibilities/terms of reference
- procedures and policies
- legal documents
- strategic plans

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Giving new directors/executive members copies of past minutes, financial statements and information on the organization's activities also helps them get familiar with their role.

Review the documents with new directors/executive (often called orientation) or ensure they know that you are available to answer any questions they might have.

Responsibilities of Directors/Executive Members

Trusteeship

The directors/executive members are responsible for the organization's programs, policies, image, and assets. They have a duty to manage the organization honestly, in good faith and in the best interest of the organization while using the care and diligence of a reasonably prudent person.

Financial Management

Directors/executive members are responsible for all money the organization raises, accepts and spends. They are obligated to exercise responsible judgement, similar to the care they would exercise with their own personal finances.

Organizations should ensure that there are adequate financial controls and procedures.

Program Planning, Implementation and Evaluation

The directors/executive members must ensure that the organization reviews its mission statement, sets goals, defines its objectives and develops plans to reach these goals. Activities carried out on behalf of the organization should be consistent with the established goals. Evaluating the effectiveness of programs is part of the role of the directors/executive members.

Communication

Both written and verbal communication within the organization helps the membership understand and support the actions of the

directors/executive members. The directors/executive members must develop ways to keep in touch with membership, especially when establishing goals and planning programs.

Public Relations

Directors/executive members are the ambassadors for and representatives of the organization. Their interaction with individuals and groups outside the organization's membership affects the image the organization has in the community.

Legal Status, Liability and Insurance

Organizations have a variety of structures and legal status requirements. All directors/executive members should know the requirements for annual reporting and other obligations under their incorporation.

Incorporation is a legal process where an organization is recognized as a corporate entity, having many of the legal rights and obligations as a person. An incorporated organization may enter into contracts, own land in its own name, sue and be sued in courts.

The primary advantage of incorporating an organization is limited liability. This means that no member of the group is generally responsible for the debts, obligations, or any action of the organization. However, the organization and its directors/executive members can be held liable in certain situations. Legal liability is becoming a concern for many organizations. Contact a knowledgeable resource person (e.g., lawyer and accountant) to talk about any risks involved.

Insurance is the responsibility of the organization. Contact an agent familiar with liability insurance to ensure that adequate coverage is carried by the organization and directors to cover any risks associated with its activities.

Summary

There is a lot of responsibility attached to being a director/officer. It can be an exciting learning experience. You can make an important contribution to your organization. Using these ideas helps you be successful and gain personal satisfaction from your role.

Directors/Executive Member Checklist

- Know your responsibilities.
- Ensure you have current bylaws, policy and procedures.
- Keep informed on all activities of the organization.
- Attend meetings regularly, review minutes if you can't attend.
- Speak up early if there is a potential conflict of interest.
- Ensure there are clear job descriptions.
- Ensure that there are correct procedures for financial management.
- Review the insurance required to cover risk.
- Make decisions.
- Keep in touch with members.
- Ensure regular evaluations of the organization's programs.
- Resign from the board/executive if you can't do the job.

Adapted from *Roles and Responsibilities of Organization Directors*, 1989, written by P. Fleming, with the permission of the Ontario Ministry of Agriculture and Food.



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